

The Metropolitan Trust Company Annual Report 1970

AR11



*You'd scarce expect one of my age
To speak in public on the stage;
And if I chance to fall below
Demosthenes or Cicero,
Don't view me with a critic's eye,
But pass my imperfections by.
Large streams from little fountains flow,
TALL OAKS FROM LITTLE ACORNS GROW.*

*David Everett
1791*

The Metropolitan Trust Company



DIRECTORS

***HARRY T. O'NEILL**

Chairman of the Board — The Metropolitan Trust Company

Chairman of the Board — International Savings and Mortgage Corporation

JOHN D. BRADLEY

President — Bradley Farms Ltd.

JOSEPH A. CHIAPPETTA, Q.C.

Gambin, Bratty, Stanbury, Barristers and Solicitors

***JAN DUINKER**

Director — International Savings and Mortgage Corporation

President — Netherlands Overseas Corporation Canada Limited

***RUDOLF V. FRASTACKY**

President — The Metropolitan Trust Company

Director — International Savings and Mortgage Corporation

THE HON. D. S. HARKNESS, P.C., G.M., E.D., B.A.

Member of the Canadian House of Commons, Ottawa

CHRISTOPH von MALAISE

Executive Vice-President — Reno Engrais Chimiques, Paris, France

***K. L. MARKON**

Director — International Savings and Mortgage Corporation

President — Lismar Holdings Limited

ROBERT K. McCONNELL

President — McConnell and Company Limited

NICKOLAUS von NIESSEN

Manager — Credit Suisse (Canada) Limited, Montreal, P.Q.

***J. JACQUES PIGOTT**

Executive Vice-President — Pigott Construction Company Limited

D. E. RICHARDSON

President — Manufacturers National Bank of Detroit

***T. STEWART RIPLEY**

Executive Vice-President and General Manager — The Metropolitan Trust Company

President — International Savings and Mortgage Corporation

FRIEDRICH SIMON

Chairman of the Board — Bankhaus Friedrich Simon, Düsseldorf, Germany

LAWRENCE W. SKEY, D.F.C., B. Comm.

Treasurer and Director — Scudder International Investments Limited

SENATOR THE HON. RICHARD J. STANBURY, Q.C.

Gambin, Bratty, Stanbury, Barristers and Solicitors

DR. HANS HEINRICH RITTER von SRBIK

General Partner — Bankhaus H. Aufhauser, Munich 2, Germany

*Member of Executive Committee

OFFICERS

Chairman of the Board, Harry T. O'Neill

President, Rudolf V. Frastacky

Executive Vice-President and General Manager, T. Stewart Ripley

Secretary and Senior Assistant General Manager, A. Jack Russell

Treasurer, Lloyd B. Will

Controller, Andrew G. Peters, C.A.

Assistant General Manager — Branch Administration, Frank P. Benner

Assistant General Manager — International Division, A. G. Vuk

Assistant General Manager — Mortgages, J. Malcolm Wredde

Assistant Treasurer, Edwin J. Carter, C.A.

Assistant Secretary, Marion K. Greer

REPORT TO SHAREHOLDERS

I take pleasure in submitting on behalf of the Board of Directors, this your Company's ninth annual report and trust that you find in its presentation, in both the statistical and written word, a clear image of our operations and future plans.

1970 was a year of consolidation for the staff and management of your Company. It was a time to catch our breath and take stock after experiencing the far reaching changes of the previous two years. Two separate mergers with other Trust companies in 1968 and 1969 and the acquisition of a Mortgage company in 1969 created numerous operational problems, all of which required careful consideration to arrive at a planned solution. To these matters management gave top priority last year.

Our international real estate department was the original foundation of our company and has always been a main contributor to its earnings. In addition, however, our mortgage department is another strong foundation upon which your Company has been built. Its contribution is indicated in the asset section of the Consolidated Balance Sheet which reflects a substantial increase in mortgage investments for Company and Guaranteed accounts of \$23,000,000, a positive response on our part to the continuing encouragement from all levels of government to provide more funds for housing. Although this amount is substantial, it reflects only a portion of the total mortgage funds committed by The Metropolitan Trust, this past year.

We have built up over the years appointments as correspondent and servicing agent for a number of major Canadian and United States Insurance companies, European banks and individuals and Canadian pension funds. On behalf of these clients and our own Company accounts, we are administering a mortgage portfolio of \$240,000,000 and during 1970 placed on their and our behalf \$63,000,000 in mortgage funds. In response to the demand for more housing the "Condominium" concept was introduced on a large scale in 1970 and your Company pioneered in the financing of these units, providing funds for some 871 homes of this type in the Toronto area. The acquisition of Gale Mortgage Corporation of Vancouver, in 1969 increased our interest in the Western provinces to the extent that last year \$15,000,000 in mortgage funds were committed for the financing of residential and commercial properties located in Western Canada.

Assets Under Administration, as shown on the Balance Sheet represent those assets held by your Company for individual clients, corporations, foundations, and pension funds, under estate appointments, trusts and agencies. They reflect the services performed by our mortgage department, our corporate and property management departments and our personal and corporate trust departments. These assets represent a sizable portion of every Trust company's total assets. In our case the figure of \$340,000,000 up 18% from 1969 equals 70% of the total assets under administration.

Total deposits placed with the Company in 1970 through our fourteen branch offices, 13 in Ontario and one in British Columbia and the three branches of our subsidiary, International Savings and Mortgage Corporation, which are all located in Montreal, increased \$24,000,000 or 24% to \$123,000,000. A special mention must be made of the outstanding performance in the growth of deposits experienced by the branches of International Savings. As can be seen from financial statements of this company included in this report, these branches were responsible for an increase of \$7,000,000, approximately one third the growth of the combined companies. A large part of this success can be attributed to the introduction by International Savings of the Mortgage Saving Certificate, which is much like our own Guaranteed Investment Certificate with the exception that it is sold for a 5 year period only, in minimum amounts of \$1,000 and carries a premium interest rate of $\frac{1}{4}$ of 1% more than normal rates for G.I.C.'s. These certificates were designed to attract funds for mortgage purposes and last year provided a large part of the funds directed to condominium mortgages. The success of our operation in Montreal prompted management to increase our scope of operations in that area. A first step was taken in October with the opening of a new branch in the Cote St. Luc shopping plaza. Indications from the first two and a half months of operations are that this branch could be a leader in deposit growth for the Montreal area.

A second step is being taken in pursuing with the Quebec provincial authorities permission to have Metropolitan Trust granted a full license to operate in Quebec. At present Metropolitan is restricted to the placement of mortgages in that province. We cannot, in Quebec, accept deposits nor conduct trust business. The granting of a full license would change this, allowing both companies to operate from the same premises and enlarging the potential operations for our personal and corporate trust services.



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The Me
Company



WE
ADD TO YOUR
SAVINGS

Metropolitan Trust
Savings & Chequing Accounts

MEMBER OF THE CANADA TRUST INSURANCE CORPORATION

The earnings for your Company in 1970 rose to \$794,000 up 6% from 1969. However, earnings per share of \$2.08 were down slightly due in part to the increase in the number of shares outstanding and to non recurring expenses connected with the consolidation of our operations after the mergers and with the creation of new money earning departments. Gross income for the year, excluding the gains made on the sale of securities was \$12,046,000 up substantially from the previous year, approximately 24% and is in line with the industry average, expenses also rose by some 28% to \$11,469,000 due in part to the cost of the consolidation of our operations which I referred to at the commencement of this report.

Another reason for the increased expense was the decision by management last year to move into the domestic real estate field in an aggressive and widespread manner. This decision was based primarily on our continued success in the international real estate department whose earnings last year accounted for approximately 25% of the total of those earnings designated "Fees and Commissions". Continuously, year after year the sales of commercial, industrial, and revenue producing residential properties to European investors has provided a large part of our income revenue and on this basis we are confident that similar results can be achieved in the domestic real estate market. Additional factors for this move were the company's involvement in real estate operations in Windsor and Chatham through our merger with Kent Trust and in Vancouver through our acquisition of Gale Mortgage Corporation, resulting in an operation that was widespread and required some central control. Further, as a result of our merger with York Trust we had acquired a number of branch offices in strategic locations throughout Toronto which provided more than sufficient space for our present savings and trust operations. We have now converted some of our present branch locations into offices combining deposit, trust and real estate services with the objective of creating greater income from these sources to offset our rental expenses. Further steps are intended along these lines. The cost of this decision which is included in our expense figure is substantial but we feel warranted. We are confident that our domestic real estate operations will show satisfactory returns in the near future. The recent decline in interest rates will make borrowing for new housing more attractive which should result in an increase in resale properties.

During 1970, we regretfully had to accept the resignations of Mr. Arthur Gill and Mr. Jacques Roy from the Board of Directors. In addition, Mr. Kasimir L. Markon, Mr. Dean Richardson and Mr. Christoph von Malaise have given notice that they do not intend to stand for re-election to the Board. The contribution of these gentlemen to the success of your Company over the years is acknowledged. We have been indeed fortunate to have join our Board Mr. Nikolaus von Niessen, the manager of Credit Suisse (Canada) Limited, a large international financial institution with operations in Canada. Mr. Louis G. Allen, Executive Vice-President of The Manufacturers National Bank of Detroit and Dr. Franz Maier, a director and member of the Executive Committee of Bayerische Gemeindebank-Girozentrale (Bavarian Savings Bank Association) in West Germany, have been nominated for election to the Board of Directors. We are confident that the extensive financial background of these gentlemen will be of great assistance in the direction of the affairs of your company.

In conclusion, I would like to assure you that we are planning ahead for the future, confident that the steps taken will provide sound growth for your Company. Our past achievements reflect the combined efforts of our staff across the country and to them, on behalf of the Board of Directors, I extend our sincere thanks.

Respectfully Submitted.

R. V. Frastacky

R. V. FRASTACKY.
President.

Toronto, February 18th, 1971.



The Metropolitan Trust Company

*(Incorporated under The Loan and Trust Corporations Act of Ontario)
and its subsidiary, International Savings and Mortgage Corporation*



CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1970

(with comparative figures at December 31, 1969)

ASSETS	1970	1969
Cash and bank deposit receipts	\$ 7,292,548	\$ 9,519,213
Short term corporation notes, at cost	11,605,808	5,813,658
Bonds:		
Government of Canada and Provincial bonds	13,006,186	14,657,810
Municipal and corporate bonds	4,876,986	4,481,785
Total, at amortized cost (market value 1970 — \$16,313,300; 1969 — \$16,391,000)	17,883,172	19,139,595
Stocks, at lower of cost or market (market value 1970 — \$319,000; 1969 — \$328,000)	311,575	312,517
Advances on mortgages to be resold	1,689,503	3,283,498
Secured loans	241,750	342,549
Fees, commissions and other receivables	545,651	410,226
Mortgage loans, at amortized cost	103,773,008	80,304,019
Premises, equipment and leasehold improvements, at cost less accumulated depreciation and amortization of \$799,975 (1969 — \$683,165)	547,196	606,564
	<u>\$143,890,211</u>	<u>\$119,731,839</u>

ASSETS UNDER ADMINISTRATION

Cash, securities and other assets held for Estates, Trusts and Agencies	\$340,000,000	\$287,107,614
Company and guaranteed account assets	143,890,211	119,731,839
Total assets under administration	<u>\$483,890,211</u>	<u>\$406,839,453</u>

(See accompanying notes to financial statements)



LIABILITIES AND SHAREHOLDERS' EQUITY	1970	1969
Deposits and borrowings (note 2):		
Savings deposits	\$ 42,927,442	\$ 33,893,915
Term deposits	12,736,237	10,185,290
Investment certificates	67,251,663	54,580,086
Special guaranteed funds	13,404,576	13,954,852
	<u>136,319,918</u>	<u>112,614,143</u>
Sundry accrued liabilities	322,816	492,566
	<u>136,642,734</u>	<u>113,106,709</u>
Shareholders' equity:		
Capital stock (note 3) —		
Authorized: 1,000,000 shares of \$10 par value each		
Issued: 382,865 shares		
(1969 — 379,306 shares)	3,828,650	3,793,060
Reserve fund	2,900,000	2,300,000
Undivided profits	518,827	532,070
	<u>7,247,477</u>	<u>6,625,130</u>
	<u>\$143,890,211</u>	<u>\$119,731,839</u>

Attested: (signed) RUDOLF V. FRASTACKY,
President

(signed) T. STEWART RIPLEY,
Executive Vice-President and General Manager

THE METROPOLITAN TRUST COMPANY

and its subsidiary, International Savings and Mortgage Corporation

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for the year ended December 31, 1969)

	1970	1969
Income:		
Interest on mortgages	\$ 7,380,416	\$ 5,610,098
Interest and dividends on bonds, notes and stocks	2,731,220	2,241,737
Fees and commissions	1,934,899	1,835,527
	<u>12,046,535</u>	<u>9,687,362</u>
Expense:		
Interest on deposits and borrowings	8,209,423	6,166,642
Salaries and staff benefits	1,942,918	1,622,419
Depreciation	125,814	143,240
Other operating expenses	1,191,543	1,017,177
	<u>11,469,698</u>	<u>8,949,478</u>
Earnings before income taxes	576,837	737,884
Income taxes (note 4)	154,000	223,000
Earnings before profits on sales of securities	<u>422,837</u>	<u>514,884</u>
Profits on sales of securities (less related income taxes of \$109,000 in 1970) (note 4)	107,873	13,991
Earnings before extraordinary credit	530,710	528,875
Extraordinary credit — reduction in income taxes resulting from loss carry-forward (note 4)	263,000	223,000
Net earnings	<u>\$ 793,710</u>	<u>\$ 751,875</u>
Earnings per share (note 5) —		
Earnings before profits on sales of securities	\$1.11	\$1.53
Profits on sales of securities	.28	.04
Extraordinary credit	.69	.67
Net earnings	<u>\$2.08</u>	<u>\$2.24</u>

CONSOLIDATED STATEMENTS OF UNDIVIDED PROFITS AND RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for the year ended December 31, 1969)

	1970	1969
UNDIVIDED PROFITS		
Balance, beginning of year	\$ 532,070	\$ 207,944
Add net earnings	793,710	751,875
	<u>1,325,780</u>	<u>959,819</u>
Deduct:		
Dividends (60 cents per share in 1970; 50 cents per share in 1969)	229,021	167,807
Transfer to reserve fund	577,932	259,942
	<u>806,953</u>	<u>427,749</u>
Balance, end of year	<u>\$ 518,827</u>	<u>\$ 532,070</u>
RESERVE FUND		
Balance, beginning of year	\$2,300,000	\$1,400,000
Add:		
Transfer from undivided profits	577,932	259,942
Premiums received on shares issued (note 3)	22,068	816,482
	<u>2,900,000</u>	<u>2,476,424</u>
Deduct charges in connection with businesses acquired:		
Excess of value of consideration paid over the book value of the net tangible assets acquired		162,854
Legal and audit costs		13,570
		<u>176,424</u>
Balance, end of year	<u>\$2,900,000</u>	<u>\$2,300,000</u>

(See accompanying notes to financial statements)

THE METROPOLITAN TRUST COMPANY

and its subsidiary, International Savings and Mortgage Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1970

1. **BASIS OF CONSOLIDATION.** The consolidated financial statements include the accounts of the company and its subsidiary, International Savings and Mortgage Corporation. Effective June 30, 1969, the company acquired the businesses of Kent Trust & Savings Company and W. E. Gale Mortgage Co. Ltd.; the earnings of these businesses are included from that date.
2. **GUARANTEED TRUST ACCOUNT.** Included in total assets of \$143,890,211 as at December 31, 1970 are assets held for guaranteed trust account of \$120,617,437 securing guaranteed trust liabilities of \$120,617,437 (consisting of savings deposits of \$38,771,813, term deposits of \$12,283,730, investment certificates of \$56,157,318 and special guaranteed funds of \$13,404,576). Total deposits and borrowings of \$136,319,918 consists of guaranteed trust liabilities of \$120,617,437 and deposits and certificates of International Savings and Mortgage Corporation of \$15,702,481. Special guaranteed funds consists of a loan, secured by a pledge of N.H.A. mortgages with a principal value of approximately \$15,136,000, repayable by December 1, 1977, with interest at 6½% per annum. Monthly principal repayments are to be made during the period the funds are held, equal to all principal amounts received on the pledged mortgages.
3. **CAPITAL STOCK.** During 1970, 3,559 shares of the company's capital stock were issued as follows:

	Number of shares	Issue price	Credited to Capital stock	Reserve fund
In exchange for minority shares of International Savings and Mortgage Corporation on a 3 for 1 basis	307	\$ 18.00	\$ 3,070	\$ 2,456
On exercise of options	3,227	16.00	32,270	19,362
	25	20.00	250	250
	3,252		32,520	19,612
	3,559		\$ 35,590	\$ 22,068

During 1970, options expired on 8,037 shares. At December 31, 1970 options were outstanding to certain officers to purchase 9,775 shares, as follows:

Option expires	Option price	Number of shares
December 17, 1972	\$ 11.00	1,250
December 17, 1973	11.00	8,125
December 31, 1974	20.00	400
		9,775

4. **INCOME TAXES.** The provisions for income taxes totalling \$263,000 in 1970 (\$223,000 in 1969) are based on the income that would have been subject to tax without the benefit of the loss carry-forward of York Trust and Savings Corporation with which the company merged on June 30, 1968. The tax reductions resulting from the carry-forward of these losses have in each year been shown as extraordinary credits in the consolidated statement of earnings. At December 31, 1970, additional tax losses of approximately \$1,150,000 are available for deduction from future years' taxable income, subject to a 5-year carry-over limitation from the year of loss.
5. **EARNINGS PER SHARE.** Earnings per share are based on the weighted average number of shares outstanding during the period. If the share options outstanding at December 31, 1970 were exercised, earnings per share would not be materially diluted.
6. **LONG-TERM LEASES.** The company's head office and branch premises are held under long-term leases extending over the next 16 years. The minimum annual rental payable under all leases currently in force totals \$283,000 and actual rentals paid in 1970 amounted to \$277,710.
7. **CAPITAL BASE.** At June 30, 1968 when Metropolitan Trust and York Trust were merged, the latter company's capital stock was reduced and the reduction in part, was applied to write down the carrying value of York's investments. The write-down is being amortized over the life of the investments to which it relates. Such amortization (which has no income tax effect) amounted to \$281,722 in 1969 and \$261,397 in 1970. As at December 31, 1970, the unamortized balance of these write-downs amounting to \$1,919,643 is included in the company's "capital base for borrowing purposes" as determined under the provisions of The Loan and Trust Corporations Act.
8. **COMMITMENTS AND CONTINGENCIES.** The company is defendant in an action for damages of approximately \$200,000 in connection with a transaction of the former York Trust and Savings Corporation. The company's solicitors are of the opinion that the company has a good defence to the action. In addition, there are outstanding various commitments and contingent liabilities in the normal course of business such as guaranteed commitments to extend credit. The company does not anticipate losses as a result of such commitments or contingencies.

AUDITORS' REPORT

We have examined the consolidated balance sheet of The Metropolitan Trust Company and its subsidiary company as at December 31, 1970 and the consolidated statements of earnings, undivided profits and reserve fund for the year then ended, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the Company's own assets and are so recorded on the books of the company as to show the accounts to which they belong.

In our opinion these consolidated financial statements present fairly the financial position of The Metropolitan Trust Company and its subsidiary company as at December 31, 1970 and the results of their operations for the year then ended, on a basis consistent with that of the preceding year.

Toronto, Canada,
February 17, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants.

THE METROPOLITAN TRUST COMPANY

(Incorporated under The Loan and Trust Corporations Act of Ontario)

UNCONSOLIDATED BALANCE SHEET

DECEMBER 31, 1970

(with comparative figures at December 31, 1969)

ASSETS	1970	1969
Cash and bank deposit receipts	\$ 6,343,429	\$ 9,285,866
Short term corporation notes, at cost	10,459,606	4,294,896
Bonds:		
Government of Canada and Provincial bonds	12,032,605	13,630,525
Municipal and corporate bonds	4,404,737	4,051,759
Total, at amortized cost (market value 1970 — \$14,920,000; 1969 — \$15,036,000)	16,437,342	17,682,284
Stocks, at lower of cost or market (market value 1970 — \$319,000; 1969 — \$328,000)	311,575	312,517
Advances on mortgages to be resold	1,689,503	2,477,421
Secured loans	219,559	323,311
Fees, commissions and other receivables	548,205	410,050
Mortgage loans, at amortized cost	89,787,220	73,624,210
Investment in shares of subsidiary company, International Savings and Mortgage Corporation, at the book value of its net assets less minority interest	1,844,323	1,755,568
Premises, equipment and leasehold improvements, at cost less accumulated depreciation and amortization of \$687,458 (1969 — \$595,932)	509,460	554,142
	<u>\$128,150,222</u>	<u>\$110,720,265</u>

ASSETS UNDER ADMINISTRATION

Cash, securities and other assets held for Estates, Trusts and Agencies	\$340,000,000	\$287,107,614
Company and guaranteed account assets	128,150,222	110,720,265
Total assets under administration	<u>\$468,150,222</u>	<u>\$397,827,879</u>

(See accompanying notes to financial statements)

LIABILITIES AND SHAREHOLDERS' EQUITY	1970	1969
Liabilities:		
Guaranteed account —		
Savings deposits	\$ 38,771,813	\$ 31,285,355
Term deposits	12,283,730	9,606,630
Investment certificates ..	56,157,318	48,820,060
Special guaranteed funds (note 2)	13,404,576	13,954,852
	<u>120,617,437</u>	<u>103,666,897</u>
Sundry accrued liabilities	285,308	428,238
	<u>120,902,745</u>	<u>104,095,135</u>
Shareholders' equity:		
Capital stock (note 3) —		
Authorized: 1,000,000 shares of \$10 par value each		
Issued: 382,865 shares		
(1969 — 379,306 shares)	3,828,650	3,793,060
Reserve fund	2,900,000	2,300,000
Undivided profits	518,827	532,070
	<u>7,247,477</u>	<u>6,625,130</u>
	<u>\$128,150,222</u>	<u>\$110,720,265</u>

Attested: (signed) RUDOLF V. FRASTACKY,
President

(signed) T. STEWART RIPLEY,
Executive Vice-President and General Manager

AUDITORS' REPORT

To the Shareholders of The Metropolitan Trust Company:

We have examined the unconsolidated balance sheet of The Metropolitan Trust Company as at December 31, 1970 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the company's own assets and are so recorded on the books of the company as to show the accounts to which they belong.

In our opinion, the accompanying unconsolidated balance sheet presents fairly the financial position of The Metropolitan Trust Company as at December 31, 1970, on a consistent basis.

*Toronto, Canada,
February 17, 1971.*

*CLARKSON, GORDON & CO.,
Chartered Accountants.*

INTERNATIONAL SAVINGS AND MORTGAGE CORPORATION

(Incorporated by Special Act of the Parliament of Canada)



BALANCE SHEET

DECEMBER 31, 1970
(with comparative figures at December 31, 1969)

ASSETS	1970	1969
Cash and bank deposit receipts	\$ 949,119	\$ 233,347
Short term corporation notes, at cost	1,146,202	1,518,762
 Bonds:		
Government of Canada and Provincial bonds	973,581	1,027,285
Municipal and corporate bonds	472,249	430,026
Total, at amortized cost (market value 1970 — \$1,393,000; 1969 — \$1,355,000)	1,445,830	1,457,311
Advances on mortgages to be resold		806,077
Secured loans	22,191	19,238
Accounts receivable		176
Mortgage loans, at amortized cost	13,985,788	6,679,809
Premises, equipment and leasehold improvements, at cost less accumulated depreciation and amortization of \$112,517 (1969 — \$87,233)	37,736	52,422
	<u>\$17,586,866</u>	<u>\$10,767,142</u>

Note: The company's premises are held under long-term leases extending over the next 11 years. The minimum annual rental payable under all leases currently in force totals \$25,000 and actual rentals in 1970 amounted to \$18,791.

(See accompanying notes to financial statements)



LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Deposits and certificates —

Savings deposits	\$ 4,155,629	\$ 2,608,560
Term deposits	452,507	578,660
Investment certificates	11,094,345	5,760,026

15,702,481 8,947,246

Sundry accrued liabilities 15,202 22,066

15,717,683 8,969,312

Shareholders' equity:

Capital stock —

Authorized:

4,000,000 shares of \$5 par value each

Issued:

297,580 shares 1,487,900 1,487,900

Reserve fund (no change during year) 406,610 406,610

Deficit (25,327) (96,680)

1,869,183 1,797,830

\$17,586,866 \$10,767,142

We hereby certify that to the best of our knowledge and belief the above statement is correct and shows truly and clearly the financial condition of the Company's affairs.

(signed) T. STEWART RIPLEY,
President and Director

(signed) A. J. RUSSELL,
Director

INTERNATIONAL SAVINGS AND MORTGAGE CORPORATION

STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for the year ended December 31, 1969)

EARNINGS	1970	1969
Income:		
Interest on mortgages	\$ 823,437	\$ 465,532
Interest on bonds and notes	374,596	245,867
Fees and commissions	6,205	4,570
	<u>1,204,238</u>	<u>715,969</u>
Expense:		
Interest on deposits and certificates	934,970	464,318
Salaries and staff benefits	67,286	71,426
Depreciation	25,284	24,490
Other operating expenses	143,726	99,126
	<u>1,171,266</u>	<u>659,360</u>
Earnings before income taxes	32,972	56,609
Income taxes	13,000	30,000
	<u>19,972</u>	<u>26,609</u>
Earnings before profits on sales of securities		
Profits on sales of securities (less related income taxes of \$15,000 in 1970)	23,381	200
	<u>43,353</u>	<u>26,809</u>
Earnings before extraordinary credit		
Extraordinary credit — reduction in income taxes resulting from loss carry-forward	28,000	30,000
Net earnings	<u>\$ 71,353</u>	<u>\$ 56,809</u>

STATEMENTS OF DEFICIT AND RESERVE FUND

(with comparative figures for the year ended December 31, 1969)

DEFICIT	1970	1969
Balance, beginning of year	\$ (96,680)	\$ (153,489)
Net earnings	71,353	56,809
Balance, end of year	<u>\$ (25,327)</u>	<u>\$ (96,680)</u>
RESERVE FUND		
Balance, beginning of year	\$ 406,610	\$ 401,108
Premiums received on shares forfeited and reissued		5,502
Balance, end of year	<u>\$ 406,610</u>	<u>\$ 406,610</u>

AUDITORS' REPORT

To the Shareholders of International Savings and Mortgage Corporation:

We have examined the balance sheet of International Savings and Mortgage Corporation as at December 31, 1970 and the statements of earnings, deficit and reserve fund for the year then ended, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of International Savings and Mortgage Corporation as at December 31, 1970 and the results of its operations for the year then ended, on a basis consistent with that of the preceding year.

Toronto, Canada,
February 17, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants.

The growth of Metropolitan Trust in the range of services offered and the volume of business now transacted as depicted by our cover illustration and the statements contained in this report aptly reflects the truism expressed in the last line of David Everett's poem reproduced at the beginning of this report. "TALL OAKS FROM LITTLE ACORNS GROW."

The "GOLDEN ACORN", our corporate symbol, significantly reflects the poet's statements and the objectives of your company's management and board of directors. The comparative table of our growth over the past five years, set out below, indicates that these objectives are being met.

OUR GROWTH IN BRIEF

Assets, Deposits and Borrowings and Equity at December 31

	1970	1969	1968	1967	1966
Total Assets under Administration	\$484,000,000	\$406,839,000	\$312,431,000	\$171,586,000	\$113,269,000
Estates, Trusts and Agencies	\$340,000,000	\$287,108,000	\$215,779,000	\$144,968,000	\$ 89,106,000
Deposits and Borrowings:					
Savings and term deposits and investment certificates	\$122,915,000	\$ 98,659,000	\$ 77,076,000	\$ 23,263,000	\$ 21,026,000
Special guaranteed funds	13,405,000	13,955,000	14,625,000		
	\$136,320,000	\$112,614,000	\$ 91,701,000	\$ 23,263,000	\$ 21,026,000
Shareholders' Equity	\$ 7,248,000	\$ 6,625,000	\$ 4,562,000	\$ 3,133,000	\$ 2,908,000

Earnings

	Year ended December 31,		Six months ended December 31,	Six months ended June 30,	Year ended December 31,	
	1970	1969	1968(1)	1968(2)	1967	1966
Earnings before Profits on Sales of Securities	\$423,000	\$515,000	\$207,000	\$106,000	\$165,000	\$141,000
Profits on Sales of Securities	108,000	14,000	70,000	—	—	—
Earnings before Extraordinary Credit	\$531,000	\$529,000	\$277,000	\$106,000	\$165,000	\$141,000
Extraordinary Credit—Tax Reduction	263,000	223,000	30,000	—	—	—
Net Earnings	\$794,000	\$752,000	\$307,000	\$106,000	\$165,000	\$141,000

Earnings Per Share (3) (4)

Earnings before Profits on Sales of Securities	\$1.11	\$1.53	\$0.72	\$0.42	\$0.68	\$0.58
Earnings before Extraordinary Credit	\$1.39	\$1.57	\$0.96	\$0.42	\$0.68	\$0.58
Net Earnings	\$2.08	\$2.24	\$1.06	\$0.42	\$0.68	\$0.58

NOTES:

- (1) Following the merger with York Trust and Savings Corporation
- (2) Prior to the merger with York Trust and Savings Corporation
- (3) Based on the weighted average number of shares outstanding during the periods
- (4) Per share figures for all periods have been restated to reflect the 2½ for 1 subdivision of shares in April, 1968.



The Metropolitan Trust Company

SERVICES

Savings Accounts
Chequing Accounts
Guaranteed Investment Certificates
Mortgage Savings Certificates
Term Deposits
Personal Loans
Investment Funds (growth and income funds)
Investment Management Agencies
Registered Retirement Savings Plans
Trustee for Pension Plans
Estate Planning
Corporate Trust Services
Real Estate Sales
Mortgage Financing
Mortgage Correspondent & Servicing Agent
Property Management
Real Estate Counselling & Appraisals

BRANCHES

TORONTO:

353 Bay Street (at Temperance)
681 Danforth Avenue (near Pape)
1171 St. Clair Avenue West (at Dufferin)
43 Eglinton Avenue East (near Yonge)
852 Eglinton Avenue West (at Bathurst)
628 Sheppard Avenue West (at Bathurst)
Thorncliffe Market Place
(45 Overlea Boulevard)
Towne & Countrie Square
(6432 Yonge Street)
1603 Wilson Avenue (at Jane)
2326 Bloor Street West (at Windermere)

MISSISSAUGA

Dixie Plaza
(1250 South Service Road)

CHATHAM:

635 Grand Avenue West, Chatham, Ontario

WINDSOR:

500 Ouellette Avenue, Windsor 14, Ontario

VANCOUVER:

885 Dunsmuir Avenue, Vancouver 1

INTERNATIONAL SAVINGS & MORTGAGE CORP.

Head Office, 353 Bay Street, Toronto 1

Branches:

4861 Van Horne Ave., Montreal 26
2324 Lucerne Road, Montreal
7075 Cote St. Luc Road, Montreal